

**STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER
OLYMPIA, WASHINGTON**

**REQUEST FOR PROPOSALS
FOR
CONSULTING SERVICES REGARDING CARRIER SURPLUS**

ISSUE DATE: July 12, 2006

PROPOSAL DUE DATE: August 17, 2006

This Request for Proposals and its attachments can be accessed electronically at: www.insurance.wa.gov/rfp/default.asp

NOTE: If you download this RFP from the Office of the Insurance Commissioner's website, located at www.insurance.wa.gov/rfp/default.asp and plan to submit a proposal, please send your name, address, e-mail address, and telephone number to the RFP Coordinator. It is the sole responsibility of potential Bidders to visit the RFP website frequently to check for any amendments or answers to questions that are posted by the OIC.

PROJECT TITLE: Carrier Surplus

PROPOSAL DUE DATE: Proposals are due no later than 4:00 PM, local time in Olympia, Washington, August 17, 2006.

EXPECTED TIME PERIOD FOR CONTRACT: September 7, 2006 through June 30, 2007 – The OIC reserves the right, at its discretion, to extend the contract for up to three additional one-year periods.

CONTRACTOR ELIGIBILITY: This procurement is open to those Bidders that satisfy the minimum qualifications stated herein and that are available for work in Washington State.

CONTENTS OF THE REQUEST FOR PROPOSALS:

1. Introduction
2. General Information for Bidders
3. Proposal Contents
4. Evaluation and Award
5. Exhibits
 - A. Certifications and Assurances
 - B. Personal Service Contract with General Terms and Conditions
 - C. Summary of 2005 data regarding admitted health carriers based on each carrier's annual financial reports.

1. INTRODUCTION

1.1 PURPOSE AND BACKGROUND

The Washington State Office of the Insurance Commissioner (OIC) is initiating this Request for Proposals (RFP) to solicit proposals from individuals or firms interested in participating in the project described in this RFP.

A prior RFP on this same topic resulted in a single proposal, which was deemed to be insufficient to show a competitive procurement. As a result the prior RFP was canceled on June 15, 2006, and the proposal was returned to the Bidder without review. For this RFP, Sections 1.1, 1.2, 1.3, 3.2, 3.4, 4.3 have been rewritten in order to clarify the project objectives.

The Insurance Code (Title 48 RCW and its accompanying regulations at Title 284 WAC) sets a minimum level of capital and surplus for carriers¹ doing business in Washington but does not set a maximum level.²

Recently, the OIC reviewed consultants' reports to several states regarding this issue. The Insurance Commissioner held a hearing on December 8, 2005 to gather information on Washington carrier surpluses and views as to possible regulatory actions. Representatives of the OIC and carriers, as well as members of the public, were asked to present information and observations on the issue. After that meeting, the OIC requested additional information from all authorized carriers. The data from the responses will be made available to the Contractor for use in completing its report.

In 2006, legislation was proposed that would have limited surplus to (generally) two months of claims expense as reported on line 18 of the carriers' quarterly statements of revenue and expenses (HB 2795). Other suggested limits for Washington carrier surplus have been proposed by a number of persons and organizations.

The OIC is issuing this RFP in order to better understand the options and policy implications for establishing maximum surplus levels for Washington's domestic carriers.

1.2 OBJECTIVE

The OIC is seeking expert guidance regarding whether Washington's domestic carriers can have, from a public policy perspective, "excess surplus"; and if so, how the term could be defined and how any "excess surplus" held by a domestic carrier could be regulated.

The OIC is seeking analysis from experts who have experience in analyzing insurance company regulatory financial reports and the health carrier regulatory environment.

The Insurance Commissioner will ask the Contractor to:

- Provide an independent, objective assessment of the public policy implications of setting a maximum level of carrier surplus,
- Make suggestions about what the amount could be and how it could be measured,
- Make recommendations for standards and methodologies that the OIC might consider implementing,
and

¹ "Carrier" is defined at RCW 48.43.005(18) as "a disability insurer regulated under chapter 48.20 or 48.21 RCW, a health care service contractor as defined in RCW 48.44.010, or a health maintenance organization as defined in RCW 48.46.020."

² Attached to this RFP, as Exhibit C, is data taken from the carriers' 2005 annual financial reports to the Insurance Commissioner showing: (1) The top 40 authorized health carriers, (2) All domestic authorized carriers, and (3) Top 10 authorized health carriers or groups of carriers.

- Offer possible options for regulatory actions.

[See Section 3.2 for a detailed description of the scope of work.]

In defining “excess surplus” the OIC seeks advice on standards for this definition and any related terms, including whether a single standard should be applied to all licensees.

The Insurance Commissioner reserves the right to implement any or none of the options presented. Implementation of any options identified by the Contractor will be solely the responsibility of the Insurance Commissioner.

1.3 MINIMUM QUALIFICATIONS

The Contractor must be licensed to do business in the State of Washington.

The Contractor must have at least five years experience as a health care research, insurance finance, or actuarial consultant and should have consulted with at least one other state on this or a similar matter during the past five years.

Bidders must demonstrate an ability to provide a broad base of expert consulting talent with experience in analyzing carrier surplus issues.

1.4 FUNDING

The OIC has budgeted \$100,000 for this project. Bidders should submit proposals that detail the services and deliverables they can offer to meet the OIC objectives within this level of funding.

Any contract awarded as a result of this procurement is contingent upon the availability of funding. In the event additional funding becomes available, any contract awarded may be renegotiated to provide for additional related services.

1.5 PERIOD OF PERFORMANCE

The period of performance of any contract resulting from this RFP is tentatively scheduled to begin on or about September 7, 2006 and to end on June 30, 2007.

The OIC reserves the right, at its discretion, to extend the contract for up to three additional one-year periods. Amendments extending the period of performance, if any, shall be at the sole discretion of the OIC.

1.6 DEFINITIONS

For purposes of this RFP the following definitions apply:

Bidder – Individual or firm submitting a proposal in order to attain a contract with the OIC.

Contractor – Individual or firm whose proposal has been accepted by the OIC and is awarded a fully executed, written contract.

OIC – The Office of the Insurance Commissioner is the agency of the state of Washington that is issuing this RFP.

Proposal – A formal offer submitted in response to this solicitation.

Request for Proposals (RFP) – Formal procurement document in which a service or need is identified but no specific method to achieve it has been chosen. The purpose of an RFP is to permit Bidders to suggest various approaches to meet the need at a given price.

1.7 ADA

The OIC complies with the Americans with Disabilities Act (ADA). Bidders may contact the RFP Coordinator to receive this Request for Proposals in Braille or on tape.

2. GENERAL INFORMATION FOR BIDDERS

2.1 RFP COORDINATOR

The RFP Coordinator is the sole point of contact in the OIC for this procurement. All communication between the Bidder and the OIC upon receipt of this RFP shall be with the RFP Coordinator.

Name	Melodie Bankers, Senior Policy Advisor, Policy Division
Address	Mailing address: P. O. Box 40258 Street address: 302 – 14 th Avenue SW (Insurance Building, Capitol Campus)
City, State, Zip Code	Olympia, WA 98504-0258
Phone Number	360-725-7039
Fax Number	360-586-3109
E-Mail Address	melodieb@oic.wa.gov

If you are unable to reach the RFP Coordinator and need immediate assistance, or if you have difficulties with or need information about the RFP website, you may contact Kacy Scott at 360-725-7041 or consultantrfp@oic.wa.gov

Any other communication will be considered unofficial and non-binding on the OIC. Bidders are to rely on written statements issued by the RFP Coordinator. Communication directed to parties other than the RFP Coordinator may result in disqualification of the Bidder.

2.2 ESTIMATED SCHEDULE OF PROCUREMENT ACTIVITIES

Below is an estimated schedule of procurement activities. The OIC reserves the sole right to revise the schedule.

Issue Request for Proposals	July 12, 2006
Question and answer period	July 12 through August 3, 2006
Pre-proposal conference (if applicable)	To be determined
Last date for questions regarding RFP	August 3, 2006
Proposals due	August 17, 2006 (4:00 PM, Pacific time)
Evaluate proposals	August 17-24, 2006
Conduct oral interviews with finalists (if required)	To be determined
Announce "Apparent Successful Contractor" and send notification via e-mail to unsuccessful Bidders	August 24, 2006
Hold debriefing conferences (if requested)	August 24-30, 2006
Negotiate contract	August 24-30, 2006
File contract with OFM	August 30, 2006
Begin contract work	September 7, 2006
First draft of final work product due	November 17, 2006
Final report due	December 1, 2006

2.3 PRE-PROPOSAL CONFERENCE

If the OIC determines that a pre-proposal conference is necessary, the date, time and place for the conference will be posted to the RFP website and sent via e-mail to individuals or firms that have advised the RFP Coordinator of their interest in submitting a Proposal. If a pre-proposal conference is scheduled, all prospective Bidders should plan to attend; however, attendance is not mandatory.

A pre-proposal conference call may be scheduled or the conference may be held at the OIC headquarters in Olympia, Washington; however, at this time the OIC believes that a pre-proposal conference will not be necessary.

2.4 QUESTIONS AND ANSWERS

Written questions about this RFP may be submitted in advance to the RFP Coordinator. The OIC will be bound only to written answers to questions. Any oral responses given to any Bidder at any time, including any at any pre-proposal conference, shall be considered unofficial.

Questions arising from any communication with the RFP Coordinator will be documented and answered in written form. A copy of the questions and answers in the form of an Addendum to the RFP will be published periodically on the website. No copies will be sent to prospective bidders.

Within five business days after any pre-proposal conference, a copy of the questions and answers from the pre-proposal conference will be published on the RFP website.

It is the responsibility of Bidders to make a copy of any Addenda to this RFP and keep a copy with their records.

2.5 SUBMISSION OF PROPOSALS

Proposals must be submitted in both hard copy and on CD – one complete hard copy plus two CDs. The hard copy must have original signatures. In lieu of its CDs, a Bidder may submit a copy of its proposal electronically.

One original hard copy of the Bidder's Proposal (including the Certifications and Assurances, complete with original signature), and its two CDs or e-mail copy of the proposal must be received by the RFP Coordinator no later than the due date for proposals.

CD copies of the proposal are preferred to e-mail submissions; however, if sending the proposal electronically, it must be submitted as an attachment to an e-mail and sent to Kacy Scott at consultantrfp@oic.wa.gov. Electronic copies of proposals must arrive by 4:00 PM, local time, in Olympia, Washington, on August 17, 2006. Attachments to e-mail must be in Microsoft WORD software. The OIC does not assume responsibility for any e-mail problems.

NOTE: Proposals may not be transmitted via facsimile.

The proposal hard copy and CD copies, whether mailed or hand delivered, **must be received by the RFP Coordinator no later than 4:00 PM, local time, in Olympia, Washington, on August 17, 2006.** The proposal must be sent to the RFP Coordinator at the address provided in Section 2.1. The envelope must be clearly marked to the attention of the RFP Coordinator.

Bidders mailing proposals should allow normal mail delivery time to ensure timely receipt of their proposals by the RFP Coordinator. Bidders hand delivering proposals should allow time

for traffic congestion. Bidders assume the risk for the method of delivery chosen. The OIC assumes no responsibility for delays caused by any delivery service.

CAUTION: Documents that will be mailed or sent by an overnight service such as FedEx must include the street address and a notation that this address is at the Insurance Building on the Capitol Campus in Olympia, WA. If the P. O. Box is used for mailing, it is likely that the documents may be delivered to the OIC office in Tumwater and not to the Olympia office. If you use the P. O. Box address, please allow two additional days for delivery to the RFP Coordinator.

- Late proposals will not be accepted and will be automatically disqualified from further consideration.
- The proposals must respond to the procurement requirements.
- Do not respond by referring to material presented elsewhere. The proposal must be complete and must stand on its own merits.
- Failure to respond to any portion of the RFP may result in rejection of the proposal as non-responsive.

2.6 PROPRIETARY INFORMATION/PUBLIC DISCLOSURE

All documents and materials submitted in response to this competitive procurement become the property of the OIC.

All proposals received will remain confidential until the contract, if any, resulting from this RFP is signed by the OIC and the apparent successful contractor; thereafter, copies of all proposals are deemed public records as set forth in Chapter 42.56 RCW, "Public Records Act."

Any information in the proposal that the Bidder desires to claim as proprietary and exempt from disclosure under the provisions of the Public Records Act or the Insurance Code must be clearly designated. The page must be identified and the particular exception from disclosure upon which the Bidder is making the claim must be explicitly stated. Each page claimed to be exempt from disclosure must be clearly identified by the word "Confidential" printed on the lower right hand corner of the page.

The OIC will consider a Bidder's request for exemption from disclosure; however, the OIC will make a decision predicated upon applicable provisions of the Public Records Act and Insurance Code. Marking the entire proposal exempt from disclosure will not be honored. The Bidder must be reasonable in designating information as confidential or proprietary. If any information is marked as confidential or proprietary in the proposal, such information will not be made available until the affected proposer has been given an opportunity to seek a court injunction against the requested disclosure.

A charge will be made for copying and shipping, as set forth in WAC 284-03-055. No fee will be charged for inspection of contract files, but 24-hours notice to the RFP Coordinator is required. All requests for information should be directed to the RFP Coordinator.

2.7 REVISIONS TO THE RFP

In the event it becomes necessary to revise any part of this RFP, addenda will be posted to the RFP website.

The published questions and answers from the pre-proposal conference and any other pertinent information shall be considered an addendum to the RFP and will be published on the RFP website.

Bidders downloading this RFP from the RFP website located at www.insurance.wa.gov/rfp/default.asp, are responsible for sending their name, address, e-mail address and telephone number to the RFP Coordinator if they wish to receive any RFP amendments or bidder questions and OIC responses other than electronically.

The OIC reserves the right to cancel or to reissue this RFP in whole or in part, prior to execution of a contract.

2.8 MINORITY & WOMEN-OWNED BUSINESS (OMWBE) PARTICIPATION

In accordance with the legislative findings and policies set forth in Chapter 39.19 RCW, the State of Washington encourages participation in all of its contracts by firms certified by the Office of Minority and Women's Business Enterprises (OMWBE). Participation may be either on a direct basis in response to this solicitation or on a subcontractor basis. No preference will be given in the evaluation of proposals, no minimum level of MWBE participation is required as a condition for receiving an award, and proposals will not be rejected or considered non-responsive on that basis. Any affirmative action requirements set forth in federal regulations or statutes included or referenced in the contract documents will apply.

For this type of project the established annual procurement participation goals for MBE are 10 percent, and for WBE 4 percent. These goals are voluntary. Bidders may contact OMWBE at 360-753-9693 to obtain information on certified firms.

2.9 ACCEPTANCE PERIOD

Proposals must provide 60 days for acceptance by OIC beginning on the due date for receipt of proposals.

2.10 RESPONSIVENESS

All proposals will be reviewed by the RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP. The Bidder is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

The OIC reserves the right, at its sole discretion, to waive minor administrative irregularities.

The OIC reserves the right to contact a Bidder for clarification of its proposal during the evaluation process.

2.11 MOST FAVORABLE TERMS

The OIC reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially on the most favorable terms that the Bidder can propose. There will be no best and final offer procedure.

In addition, if the Bidder is selected as the apparent successful contractor, the OIC reserves the right to enter into contract negotiations with the apparent successful contractor, which may include discussions regarding the terms of the proposal. Contract negotiations may result in incorporation of some or all of the Contractor's proposal. The Bidder should be prepared to accept this RFP for incorporation into a contract resulting from this RFP. The Bidder's proposal will become part of the official procurement file.

2.12 CONTRACT AND GENERAL TERMS & CONDITIONS

The apparent successful contractor will be expected to enter into a contract that is substantially the same as the sample contract and its general terms and conditions attached as Exhibit B.

In no event may a Bidder submit its own standard contract terms and conditions in response to this solicitation.

The Bidder may submit exceptions, as allowed in the Certifications and Assurances section, Exhibit A, to this solicitation. The OIC will review requested exceptions and accept or reject the same at its sole discretion.

2.13 COSTS TO PROPOSE

The OIC will not be liable for any costs incurred by the Bidder in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or any other activities related to responding to this RFP.

2.14 NO OBLIGATION TO CONTRACT

This RFP does not obligate the State of Washington or the OIC to contract for services specified herein.

2.15 REJECTION OF PROPOSALS

The OIC reserves the right at its sole discretion to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

2.16 COMMITMENT OF FUNDS

The RFP Coordinator, or an authorized delegate of the Insurance Commissioner, is the only individual who may legally commit the OIC to the expenditures of funds for a contract resulting from this RFP.

No costs chargeable to the proposed contract may be incurred before receipt by the OIC of a fully executed contract.

2.17 ELECTRONIC PAYMENT

The State of Washington prefers to utilize electronic payment in its transactions. The successful contractor will be provided a form to complete with the contract to authorize such payment method.

2.18 INSURANCE COVERAGE

The Contractor must furnish the OIC with a certificate or certificates of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below.

The Contractor, at its own expense, shall obtain and keep in force all applicable insurance coverage throughout the term of the contract. The Contractor shall furnish evidence (in the form of a certificate of insurance) that insurance will be provided, and a copy must be forwarded to the OIC not later than 15 days after the contract effective date.

Liability Insurance

- 1) Commercial General Liability Insurance: Contractor shall maintain commercial general liability (CGL) insurance and, if necessary, commercial umbrella insurance, with a limit of

not less than \$1,000,000 per each occurrence. If CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit. All insurance shall cover liability assumed under an insured contract (including the tort liability of another assumed in a business contract), and contain separation of insured's (cross liability) condition.

- 2) **Business Auto Policy:** As applicable, the Contractor shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than \$1,000,000 per accident. Such insurance shall cover liability arising out of "Any Auto."
- 3) The Contractor is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

Employers Liability ("Stop Gap") Insurance

In addition, Contractor shall maintain employers liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease.

Additional Provisions

All insurance policy or policies shall include the following provisions:

1. **Additional Insured.** The State of Washington, OIC, its elected and appointed officials, agents and employees shall be named as an additional insured on all general liability, excess, umbrella and property insurance policies. All insurance provided in compliance with the contract entered into pursuant to this RFP shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the State.
2. **Cancellation.** The OIC shall be provided written notice before cancellation or non-renewal of any insurance referred to herein, in accord with the following specifications:
 - Insurers subject to Chapter 48.18 RCW (Admitted and Regulated by the Insurance Commissioner): The insurer shall give the OIC 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the OIC shall be given 10 days advance notice of cancellation.
 - Insurers subject to Chapter 48.15 RCW (Surplus lines): OIC shall be given 20 days advance notice of cancellation. If cancellation is due to non-payment of premium, the OIC shall be given 10 days advance notice of cancellation.
3. **Identification.** Policy must reference the OIC's contract number and the agency name.
4. **Insurance Carrier Rating.** All insurance and bonds must be issued by companies admitted to do business within the state of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. Any exception shall be reviewed and approved by the OIC or the Risk Manager for the State of Washington before the contract is accepted or work may begin. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with Chapters 48.15 RCW and 284-15 WAC.
5. **Excess Coverage.** By requiring insurance herein, the OIC does not represent that coverage and limits will be adequate to protect Contractor, and such coverage and limits shall not limit Contractor's liability under the indemnities and reimbursements granted to the OIC in the contract entered into pursuant to this RFP.

Worker's Compensation Coverage

Contractor must at all times comply with all applicable workers' compensation, occupational disease, and occupational health and safety laws, statutes, and regulations to the fullest extent applicable. Neither the State of Washington nor the OIC will be held responsible in any way for claims filed by Contractor, its employees, or subcontractors for services performed under the terms of the contract entered into pursuant to this RFP.

3. PROPOSAL CONTENTS

One hard copy of the Bidder's proposal must be submitted on 8 1/2 x 11 inch paper with tabs separating the major sections of the proposal. The four major sections of the proposal must be submitted in the order noted below:

1. Signed or Certified Letter of Submittal, including signed Certifications and Assurances (Exhibit A to this RFP)
2. Technical Proposal
3. Management Proposal
4. Cost Proposal

Proposals must provide information or responses in the same order as presented in this document with the same headings. This will not only be helpful to the evaluators of the proposal, but will assist Bidder in preparing a thorough response.

Items marked "mandatory" must be included as part of the proposal for the proposal to be considered responsive; however, these items will not be scored. Items marked "scored" are those that are awarded points as part of the evaluation conducted by the evaluation team.

3.1 LETTER OF SUBMITTAL and CERTIFICATIONS AND ASSURANCES (MANDATORY)

The Letter of Submittal and the Certifications and Assurances form (Exhibit A of this RFP) must be signed and dated by a person authorized to legally bind the Bidder to a contractual relationship, e.g., the President or Executive Director if a corporation, the managing partner if a partnership, or the proprietor if a sole proprietorship.

Along with introductory remarks, the Letter of Submittal must include the following information about the Bidder and any proposed subcontractors:

1. Name, address, principal place of business, telephone number, fax number, and e-mail address of legal entity or individual with whom contract would be written.
2. Name, address, and telephone number of each principal officer (President, Vice President, Treasurer, Chairperson of the Board of Directors, etc.).
3. Legal status of the Bidder (sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business as the entity now substantially exists.
4. Federal Employer Tax Identification number or Social Security number and the Washington Uniform Business Identification (UBI) number issued by the State of Washington Department of Revenue.
5. Location of the facility from which the Contractor would operate.
6. Identity of any state employees or former state employees employed by or serving on the firm's governing board as of the date of the proposal. Include their position and responsibilities within Contractor's organization.

If following a review of this information, it is determined by the OIC that a conflict of interest exists because former state employees are employed by Bidder or serve on Bidder's governing board, the Bidder may be disqualified from further consideration for the award of a contract.

3.2 TECHNICAL PROPOSAL (SCORED/MANDATORY)

The OIC is seeking expert guidance regarding whether Washington's domestic carriers can have, from a public policy perspective, "excess surplus"; and if so, how the term could be defined and how any "excess surplus" held by a domestic carrier could be regulated.

The OIC is seeking analysis from experts who have experience in analyzing insurance company regulatory financial reports and the health carrier regulatory environment.

In defining "excess surplus" the OIC seeks advice on standards for this definition and any related terms, including whether a single standard should be applied to all licensees.

The OIC will ask the Contractor to:

- Provide an independent, objective assessment of the policy implications of setting a maximum level of carrier surplus;
- Make suggestions about target surplus ranges reflecting actuarially conservative assessments of amounts needed to withstand a downturn in the underwriting cycle given actuarial assessment of risks;
- Make suggestions concerning options for useful methodologies on how "excess surplus" might be measured (by way of example only: risk based capital, months of revenue, months of claims, or percentage of annual revenue), and assess the policy implications of using each measuring tool;
- Generally identify the data (both data currently collected and other data that could be collected) which could assist the OIC to determine, both on current and looking forward bases, which carriers might have "excess surplus" based on the optional methodologies presented;
- Propose how the OIC might efficiently and effectively obtain data needed for this analysis;
- Identify and consider likely risks faced by Washington health carriers that relates to the carriers' surplus levels (by way of example only: claim fluctuation risk, underwriting cycle risk, market/business risk, geographic diversity risk, asset/liability risk, or catastrophe risk);
- Identify which factors could be or should be used to establish recommended surplus ranges based on unique characteristics of different carriers (by way of example only: market share, infrastructure, marketing advantages such as brand name loyalty, historical working margins, past history of litigation or provider relations, regulatory environment, licensing categories and regulatory requirements, market and geographic penetration, or diversity of lines of business); and
- Identify options for regulatory action.

The Contractor must be licensed to do business in the State of Washington. The Contractor must have at least five years experience as a health care research, insurance finance or actuarial consultant and should have consulted with at least one other state in this or a similar matter during the past five years. Bidders must demonstrate their ability to deliver a broad base of expert consulting talent with significant experience in carrier surplus matters, and significant experience in analyzing insurance company regulatory financial reports and the health carrier regulatory environment.

The Insurance Commissioner reserves the right to implement any or none of the options presented. Implementation of any options identified by the Contractor will be solely the responsibility of the Insurance Commissioner.

The Technical Proposal must contain a comprehensive description of services including the following elements:

- A. Project Approach and Methodology** – Include a complete description of the Bidder's proposed approach and methodology for the project. This section should demonstrate that Bidder understands the proposed project. Bidders are encouraged to propose alternatives and offer options or suggestions for completion of the project.
- B. Work Plan** – Include all project requirements and the proposed tasks, services, activities, etc. necessary to accomplish the project defined in this RFP. This section of the technical proposal must contain sufficient detail to convey to members of the evaluation team the Bidder's knowledge of the subjects and skills necessary to successfully complete the project. Include any required involvement of OIC staff. Bidders are encouraged to present creative approaches that might be suitable and to provide any pertinent supporting documentation.
- C. Project Schedule** – Include a project schedule showing when the elements of the work will be completed and when deliverables will be provided.
- D. Deliverables** – Fully describe deliverables to be submitted under the proposed contract. To review examples of reports similar to the work product expected by the OIC, see:
 - (1) Report to the Rhode Island Health Insurance Commissioner at: www.dbr.state.ri.us/health_insurance.html, and click on "Advisory Council" report dated March 7, 2006.
 - (2) The June 2005 report to the Legislative Budget and Finance Committee of the Pennsylvania General Assembly, as posted on the Pennsylvania Insurance Department website at: www.ins.state.pa.us and click on "Topical Information" and choose "BCBS Reserve and Surplus Information."
- E. Risks** - Describe potential risks associated with this contract. Define risks Bidder identifies as being significant to the success of the project. Describe how Bidder would propose to effectively mitigate, monitor, and manage the risks, including reporting of risks to the OIC's Contract Manager.

3.3 MANAGEMENT PROPOSAL

A. Project Management (SCORED/MANDATORY)

- 1. **Project Team Structure/Internal Controls** - Provide a description of the proposed project team structure and internal controls to be used during the course of the project, including any subcontractors. Provide an organizational chart of the firm indicating lines of authority for personnel involved in performance of this potential contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management. Include the names of persons within the firm who will have prime responsibility and final authority for the work.
- 2. **Staff Qualifications/Experience** – Identify staff, including subcontractors, who will be assigned to the potential contract, indicating the responsibilities and qualifications of

each person. Include the amount of time each will be assigned to the project. Provide résumés for the named staff, including information on the individual's particular skills related to this project, education, experience, significant accomplishments, and any other pertinent information.

Bidder must commit that staff identified in its proposal will actually perform the assigned work. Any staff substitution must have the prior approval of the OIC.

B. Experience of the Bidder (SCORED/MANDATORY)

1. Indicate the experience Bidder and any subcontractors have in health care insurance, health care policy, and insurer surplus evaluation and analysis.
2. Indicate other relevant experience that demonstrates the qualifications of Bidder and any subcontractors for the performance of the potential contract.
3. Include a list of contracts Bidder has entered into during the last five years that relate to Bidder's ability to perform the services needed under this RFP. List contract reference numbers, the contract period of performance, contact persons, telephone numbers, and e-mail addresses.

C. References (SCORED/MANDATORY)

List names, addresses, telephone numbers, and e-mail addresses of three business references for which similar work has been accomplished and briefly describe the type of service provided.

- Bidder and staff proposed to provide the services must grant permission to the OIC to contact references and others for whom services have been provided.
- Do not include current OIC staff as references.
- References will be contacted and scored for the top-ranking proposal(s) only.

D. Related Information (MANDATORY)

1. If Bidder or any subcontractor contracted with the State of Washington during the past 24 months, provide the name of the agency, the contract number, a project description, and any other information necessary to identify the contract.
2. If an employee of Bidder or subcontractor was an employee of the State of Washington during the past 24 months, or is currently a Washington State employee, identify the individual by name, the agency, the job title or position held, and the employee's separation date.
3. If a contract of Bidder was terminated for default in the last five years, describe the incident.

"Termination for default" is defined as having a notice to stop performance issued to Bidder due to Contractor's non-performance or poor performance, and the issue of performance was either: (a) not litigated due to inaction on the part of the Bidder, or (b) litigated and such litigation determined that the Bidder was in default.

Submit full details of the default including the other party's name, address, and phone number. Present Bidder's position on the matter. OIC will evaluate the facts and, at its sole discretion, may reject the proposal on the grounds of the past experience.

If no termination for default has been experienced by Bidder in the past five years, include a statement to that effect.

E. Office of Minority and Women-Owned Business (OMWBE) Certification

If a certified minority-owned firm or women-owned firm(s) will be participating on this project, include a proof of certification issued by the Washington State Office of Minority and Women-Owned Business.

3.4 COST PROPOSAL

The budget for this contract is \$100,000. Bidders are encouraged to submit proposals that are consistent with Washington State government efforts to conserve state resources. Bidders should submit proposals that show what services and deliverables they can offer to meet the OIC objectives within this level of funding.

The evaluation process is designed to award this procurement not necessarily to the bidder of least cost, but rather to the bidder whose proposal best meets the requirements of this RFP to provide an independent, objective assessment of the public policy implications of regulating "excess" carrier surplus.

Any contract awarded as a result of this procurement is contingent upon the availability of funding. In the event additional funding becomes available, any contract awarded may be renegotiated to provide for additional related services.

A. Identification of Costs (SCORED)

Identify all costs (including expenses) to be charged for performing the services necessary to accomplish the objectives of the contract. Bidder must submit a fully detailed budget including staff costs, administrative costs, travel costs, and any other expenses necessary to accomplish the tasks and to produce the deliverables under the contract.

Contractors are required to collect and pay Washington State sales tax, if applicable.

Costs for subcontractors must be broken out separately. Please state whether any subcontractors are certified by the Office of Minority and Women's Business Enterprises.

B. Testimony before the Washington State Legislature

Generally, travel expenses of Contractor will not be reimbursed in addition to the agreed contract maximum.

Contractor may be asked to assist the Insurance Commissioner in testimony before the Washington State Legislature (2007 session, January - April) regarding the contents of its final report. Or, the Insurance Commissioner may be asked to conduct or participate in a public hearing on this matter. It is possible that such testimony may not be needed until a subsequent legislative session, or testimony may be required during an interim hearing. Fees and expenses for one trip to Olympia, WA for this purpose must be included in the cost proposal. Separate fees and expenses for this trip will not be separately reimbursed outside of the contract. If additional trips to Olympia, WA are required of a contractor located out of state, reimbursement for fees and expenses for such a trip will be considered at that time.

All reasonably anticipated expenses should be included in the cost proposal.

4. EVALUATION AND CONTRACT AWARD

ALL MANDATORY REQUIREMENTS MUST BE MET IN ORDER FOR THE PROPOSAL TO BE CONSIDERED RESPONSIVE.

4.1 EVALUATION PROCEDURE

Responsive proposals will be evaluated strictly in accordance with the requirements stated in this solicitation and any addenda issued. The evaluation of proposals will be accomplished by an evaluation team, to be designated by the OIC, which will determine the ranking of the proposals.

OIC, at its sole discretion, may elect to select the top-scoring firms as finalists for an oral presentation.

4.2 CLARIFICATION OF PROPOSAL

The RFP Coordinator may contact a Bidder for clarification of any portion of Bidder's proposal.

4.3 EVALUATION WEIGHTING AND SCORING

The following weighting and points will be assigned to the proposal for evaluation purposes:

<u>Technical Proposal</u>	
Project Approach/Methodology	50 points
Quality of Work Plan	
<u>Management Proposal</u>	
Project Team Structure/Internal Controls	50 points
Staff Qualifications/Experience	
<u>Cost Proposal</u>	50 points
<hr/>	
<u>References</u> [top-scoring Bidder(s) only]*	50 points
<hr/>	
TOTAL	200 points

* References will be contacted for the top-scoring Bidder(s) only.

4.4 ORAL PRESENTATIONS MAY BE REQUIRED

Written submittals and oral presentations, if considered necessary, will be utilized in selecting the winning proposal. OIC, at its sole discretion, may elect to select the top scoring finalists from the written evaluation for an oral presentation and final determination of contract award. Should OIC elect to hold oral presentations, it will contact the top-scoring Bidder(s) to schedule a date, time and location. Commitments made by Bidder at the oral interview, if any, will be considered binding.

The results of the oral presentations, if held, will determine the Apparent Successful Bidder.

4.5 NOTIFICATION TO PROPOSERS

Firms whose proposals are not selected for further negotiation or award will be notified via e-mail.

4.6 DEBRIEFING OF UNSUCCESSFUL PROPOSERS

Upon request, a debriefing conference will be scheduled with an unsuccessful Bidder. The request for a debriefing conference must be received by the RFP Coordinator within three business days after a Notification of Unsuccessful Bidder is sent to the Bidder. The debriefing will be held within three business days after the request is received.

Discussion will be limited to a critique of the requesting Bidder's proposal. Comparisons between proposals or evaluations of the other proposals will not be allowed. Debriefing conferences may be conducted in person or by telephone and will be scheduled for a maximum of one hour.

4.7 PROTEST PROCEDURE

Upon completing the debriefing conference, the Bidder is allowed three business days to file a protest of the acquisition with the RFP Coordinator. Protests may be submitted by e-mail or facsimile, but must be followed promptly by an original, signed document.

Bidders protesting this procurement must follow the procedures described below. Protests that do not follow these procedures will not be considered. The following protest procedure constitutes the sole administrative remedy available to Bidders under this procurement. This protest procedure is open only to Bidders who submitted a response to this solicitation document and who participated in a debriefing conference.

All protests must be in writing and signed by the protesting Bidder or its authorized agent. The protest must state the grounds for the protest; specific facts and complete statements of the action(s) being protested must be stated. A description of the relief or corrective action being requested must be included. All protests must be addressed to the RFP Coordinator.

Only protests concerning an issue of fact regarding the following will be considered:

1. Matters of bias, discrimination, or conflict of interest on the part of an evaluator;
2. Errors in computing the score; or
3. Non-compliance with procedures described in the procurement document.

Protests not based on the above procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as an evaluator's professional judgment on the quality of a proposal, or the OIC's assessment of its own (or other agency's) needs or requirements.

Upon receipt of a protest, a protest review will be held by the OIC. The Insurance Commissioner or an OIC employee delegated by the Commissioner who was not involved in the procurement will consider the record and all available facts and issue a decision within five business days after receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event a protest may affect the interest of another bidder that submitted a proposal, that bidder will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

The final resolution of the protest may be based only on one or more of the following findings:

- The protest lacked merit and, therefore the OIC's action's will be upheld; or
- Only technical or harmless errors in the OIC's acquisition process were shown, and that the OIC was in substantial compliance, and thereby reject the protest; or
- There is merit in the protest. In this case the final resolution will require one of the following options:

- a) Correct the errors and re-evaluate all proposals; or
- b) Reissue the solicitation document and begin a new process; or
- c) Require another course of action as may be suitable due to unique circumstances.

If the final determination is that the protest is without merit, OIC will enter into a contract with the apparently successful contractor. If the protest is determined to have merit, one of the alternatives stated above will be taken.

5. RFP EXHIBITS

- Exhibit A Certifications and Assurances
- Exhibit B Personal Service Contract Format including General Terms and Conditions (GT&Cs)
- Exhibit C Summary of 2005 data regarding admitted health carriers, based on information submitted on the carriers' annual financial reports to the OIC

EXHIBIT A TO RFP – Certifications and Assurances

CERTIFICATIONS AND ASSURANCES

I make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract:

1. I declare that all answers and statements made in the proposal are true and correct.
2. The prices and cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition; however, Bidder may freely join with other persons or organizations for the purpose of presenting a single proposal.
3. The attached proposal is a firm offer for a period of 60 days following its receipt, and it may be accepted by the OIC without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 60-day period.
4. In preparing this proposal, Bidder has not been assisted by any current or former employee of the State of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. *(Any exceptions to these assurances must be described in full detail on a separate page and attached to this document.)*
5. I understand that the OIC will not reimburse the Bidder for any costs incurred in the preparation of this proposal. All proposals become the property of OIC, and the Bidder claims no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
6. Unless otherwise required by law, the prices and cost data which have been submitted have not been knowingly disclosed by the Bidder and will not knowingly be disclosed by Bidder prior to contracting, directly or indirectly to any other Bidder or to any competitor.
7. I agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached sample contract and general terms and conditions. If there are any exceptions to these terms, they have described in detail on a page attached to this document.
8. No attempt has been made or will be made by the Bidder to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
9. I grant the OIC the right to contact references and others who may have pertinent information regarding the Bidder's prior experience and ability to perform the services contemplated in this procurement.

On behalf of the firm submitting this proposal, my name below attests to the accuracy of the above statements.

Signature of Bidder

Printed Name, Firm Name and Title of Bidder

Date

E-mail Address and Phone Number

**EXHIBIT B TO RFP –
PERSONAL SERVICE CONTRACT
WITH GENERAL TERMS AND CONDITIONS**

CONTRACT NO. _____

**CONTRACT FOR PERSONAL SERVICES
BETWEEN
STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER
AND**

This Contract is made and entered into by and between the State of Washington, Office of the Insurance Commissioner, hereinafter referred to as the "AGENCY", and the below named individual or firm, hereinafter referred to as "CONTRACTOR."

Contractor's Name

Address

City, State, Zip-Code

Phone

Fax

E-mail

Washington State UBI Number

Federal ID Number

PURPOSE

The purpose of this contract is to seek expert guidance regarding whether Washington's domestic carriers can have, from a public policy perspective, "excess surplus"; and if so, how the term could be defined and how any "excess surplus" held by a domestic carrier could be regulated. The OIC is seeking analysis from experts who have experience in analyzing insurance company regulatory financial reports and the health carrier regulatory environment.

SCOPE OF WORK

- A. Exhibit 1, attached hereto and incorporated by reference, contains the General Terms and Conditions governing work to be performed under this contract, the nature of the working relationship between the AGENCY and the CONTRACTOR, and specific obligations of both parties.
- B. The CONTRACTOR will provide services and staff, and otherwise do all things necessary for or incidental to the performance of work, as included in the AGENCY'S Request for Proposals, attached as Exhibit 2, and the CONTRACTOR'S proposal dated August 17, 2006, attached as Exhibit 3.

C. The CONTRACTOR shall produce a written report not later than December 1, 2006.

All written reports required under this contract must be delivered to _____, the Contract Manager, in accordance with the schedule above.

PERIOD OF PERFORMANCE

The period of performance under this contract will be from September 7, 2006, or date of execution, whichever is later, through June 30, 2007, unless extended by mutual agreement of AGENCY and CONTRACTOR.

OFM FILING REQUIREMENT -

Under the provisions of Chapter 39.29 RCW, this contract is required to be filed with the Office of Financial Management. No contract required to be so filed is effective and no work shall be commenced nor payment made until ten working days following the date of filing.

COMPENSATION

Total compensation payable to CONTRACTOR for satisfactory performance of the work under this contract shall not exceed \$_____.

CONTRACTOR shall receive no reimbursement for travel and other expenses.

BILLING PROCEDURES AND PAYMENT

AGENCY will pay CONTRACTOR upon acceptance of services provided and receipt of properly completed invoices, which shall be submitted to the Contract Manager.

The invoices shall describe and document, to AGENCY'S satisfaction, a description of the work performed, the progress of the project, and fees. The invoice shall include reference to OIC Contract No. _____.

Payment shall be considered timely if made by AGENCY within thirty calendar days after receipt of properly completed invoices. Payment will be sent to the address designated by the CONTRACTOR.

AGENCY, in its sole discretion, may terminate the contract or withhold payments claimed by the CONTRACTOR for services rendered if CONTRACTOR fails to satisfactorily comply with any term or condition of this contract.

No payments in advance or in anticipation of services or supplies to be provided under this contract shall be made by AGENCY.

CONTRACT MANAGEMENT

The Contract Manager for each of the parties shall be the contact person for all communications and billings regarding the performance of this contract.

Contract Manager for CONTRACTOR is:	Contract Manager for AGENCY is:
Contract Mgr Name _____	Contract Mgr Name _____
Contractor Name _____	Agency Name _____
Address _____	Address _____
City, State Zip Code _____	City, State Zip Code _____
Phone: (_____) _____ Fax: (_____) _____	Phone: (_____) _____ Fax: (_____) _____

E-mail address: <input type="text"/>	E-mail address: <input type="text"/>
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INSURANCE – (NOTE: Include as applicable.)

CONTRACTOR shall provide insurance coverage as set forth in the Request for Proposals. The intent of the required insurance is to protect the State or Washington and the Office of the Insurance Commissioner should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of CONTRACTOR or SUBCONTRACTOR, or agents of either, while performing under the terms of this contract.

The required insurance required shall name the State of Washington, the Office of the Insurance Commissioner, and their agents and employees as additional insureds under the insurance policy or policies. All policies shall be primary to any other valid and collectable insurance. CONTRACTOR shall instruct the insurers to give AGENCY thirty calendar days advance notice of any insurance cancellation.

CONTRACTOR shall submit to AGENCY a certificate of insurance within fifteen calendar days after the contract effective date. CONTRACTOR shall submit renewal certificates as appropriate during the term of the contract.

ASSURANCES

AGENCY and CONTRACTOR agree that all activity pursuant to this contract will be in accordance with all the applicable current federal, state and local laws, rules, and regulations.

ORDER OF PRECEDENCE

Each of the exhibits listed below is by this reference hereby incorporated into this contract. In the event of an inconsistency in this contract, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable Federal and state of Washington statutes and regulations;
- Special Terms and Conditions as contained in this basic contract instrument;
- Exhibit 1 – General Terms and Conditions;
- Exhibit 2 – Request for Proposals;
- Exhibit 3 – Contractor's Proposal dated ____; and
- Any other provision, term or material incorporated herein by reference or otherwise incorporated.

ENTIRE AGREEMENT

This contract, including referenced exhibits, represents all the terms and conditions agreed upon by the parties. No other statements or representations, written or oral, shall be deemed a part hereof.

CONFORMANCE

If any provision of this contract violates any statute or rule of law of the State of Washington, it is considered modified to conform to that statute or rule of law.

APPROVAL

This contract shall be subject to the written approval of AGENCY'S authorized representative and shall not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

THIS CONTRACT, is executed by the persons signing below, who warrant they have the authority to execute the contract.

[CONTRACTOR'S NAME]

[AGENCY NAME]

Signature

Signature

Title

Date

Title

Date

Approved as to Form
Office of the Attorney General

EXHIBIT B TO RFEP

CONTRACT EXHIBIT 1: GENERAL TERMS AND CONDITIONS

DEFINITIONS

As used throughout this contract, the following terms shall have the meaning set forth below:

- A. "AGENCY" shall mean the State of Washington Office of the Insurance Commissioner, any division, section, office, unit or other entity of AGENCY, or any of the officers or other officials lawfully representing AGENCY.
- B. "AGENT" shall mean the Insurance Commissioner, or any delegate authorized in writing to act on the Commissioner's behalf.
- C. "CONTRACTOR" shall mean that firm, provider, organization, individual or other entity performing services under this contract, and shall include all employees of CONTRACTOR.
- D. "SUBCONTRACTOR" shall mean a person not in the employment of CONTRACTOR, who is performing all or part of the services under this contract under a separate contract with CONTRACTOR. The terms "SUBCONTRACTOR" and "SUBCONTRACTORS" means SUBCONTRACTOR in any tier.

Access to Data

In compliance with RCW 39.29.080, CONTRACTOR shall provide access to data generated under this contract to AGENCY, the Joint Legislative Audit and Review Committee, and the Washington State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions and recommendations of CONTRACTOR'S reports, including computer models and methodology for those models.

Advance Payments Prohibited

No payments in advance of or in anticipation of goods or services to be provided under this contract shall be made by AGENCY.

Amendments

This contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

Americans with Disabilities Act (ADA) of 1990, Public Law 101-336, Also Referred to as the "ADA" 28 CFR Part 35.

CONTRACTOR must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

Assignment

Neither this contract, nor any claim arising under this contract, shall be transferred or assigned by CONTRACTOR without prior written consent of AGENCY.

Attorneys' Fees

In the event of litigation or other action brought to enforce contract terms, each party agrees to bear its own attorney fees and costs.

Confidentiality/Safeguarding of Information

CONTRACTOR shall not use or disclose any information concerning AGENCY, or information that may be classified as confidential, for any purpose not directly connected with the administration of this contract, except with prior written consent of AGENCY, or as may be required by law.

Conflict of Interest

Notwithstanding any determination by the State of Washington Executive Ethics Board or other tribunal, AGENCY may, in its sole discretion, by written notice to CONTRACTOR terminate this contract if it is found after due notice and examination by AGENT that there is a violation of the Ethics in Public Service Act, Chapter 42.52 RCW; or any similar statute involving the CONTRACTOR in the procurement of, or performance under this contract.

In the event this contract is terminated as provided above, AGENCY shall be entitled to pursue the same remedies against CONTRACTOR as it could pursue in the event of a breach of the contract by CONTRACTOR. The rights and remedies of AGENCY provided for in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law. The existence of facts upon which AGENT makes any determination under this clause shall be an issue and may be reviewed as provided in the "Disputes" clause of this contract.

Copyright Provisions

Unless otherwise provided, all Materials produced under this contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by AGENCY. AGENCY shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, CONTRACTOR hereby irrevocably assigns all right, title, and interest in Materials, including all intellectual property rights, to AGENCY effective from the moment of creation of such Materials.

"Materials" means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under this contract, but that incorporate pre-existing Materials not produced under the contract, CONTRACTOR hereby grants to AGENCY a nonexclusive, royalty-free, irrevocable license (with rights to sublicense others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. CONTRACTOR warrants and represents that CONTRACTOR has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to AGENCY.

CONTRACTOR shall exert reasonable efforts to advise AGENCY, at the time of delivery of materials furnished under this contract, of all known or potential invasions of privacy contained therein and of any portion of such document that was not produced in the performance of this contract.

AGENCY shall receive prompt written notice of each notice or claim of infringement received by CONTRACTOR with respect to any data delivered under this contract. AGENCY shall have the right to modify or remove any restrictive markings placed upon the data by CONTRACTOR.

Covenant Against Contingent Fees

CONTRACTOR warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or *bona fide* established agents maintained by CONTRACTOR for securing business.

AGENCY shall have the right, in the event of breach of this clause by CONTRACTOR, to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fee.

Disallowed Costs

CONTRACTOR is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its SUBCONTRACTORS.

Disputes

Except as otherwise provided in this contract, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with AGENT.

1. The request for a dispute hearing must:
 - Be in writing;
 - State the disputed issue(s);
 - State the relative positions of the parties;
 - State CONTRACTOR'S name, address, and contract number; and
 - Be mailed to AGENT and the other party's (respondent's) contract manager within three working calendar days after the parties agree that they cannot resolve the dispute.
2. The respondent shall send a written answer to the requester's statement to both the agent and the requester within five working calendar days.
3. AGENT shall review the written statements and reply in writing to both parties within ten working calendar days. AGENT may extend this period if necessary by notifying the parties.
4. The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this contract shall be construed to limit the parties' choice of a mutually acceptable ADR method in addition to the dispute resolution procedure outlined above.

Duplicate Payment

AGENCY shall not pay CONTRACTOR, if CONTRACTOR has charged or will charge the State of Washington or any other party under any other contract or agreement, for the same services or expenses.

Governing Law

This contract shall be construed and interpreted in accordance with the laws of the State of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

Indemnification

To the fullest extent permitted by law, CONTRACTOR shall indemnify, defend, and hold harmless the State of Washington, the Office of the Insurance Commissioner, other agencies of the State, and all officials, agents and employees of the State (State), from and against all Claims for injuries or death arising out of or resulting from the performance of the contract.

"Claim," as used in this contract, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting there from. CONTRACTOR'S obligations to indemnify, defend, and hold harmless includes any claim by CONTRACTOR'S agents, employees, representatives, or any SUBCONTRACTOR or its employees.

CONTRACTOR expressly agrees to indemnify, defend and hold harmless the State for any claim arising out of or incident to CONTRACTOR'S or any SUBCONTRACTOR'S performance or failure to perform the contract. CONTRACTOR'S obligation to indemnify, defend, and hold harmless the State shall not be eliminated or reduced by any actual or alleged concurrent negligence of state or its agents, agencies, employees and officials.

CONTRACTOR waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the State.

Independent Capacity of the Contractor

The parties intend that an independent contractor relationship will be created by this contract. CONTRACTOR and its employees or agents performing under this contract are not employees or agents of AGENCY. CONTRACTOR will not hold itself out as or claim to be an officer or employee of AGENCY or of the State of Washington by reason hereof, nor will CONTRACTOR make any claim of right, privilege or benefit that would accrue to such employee under law. Conduct and control of the work will be solely with CONTRACTOR.

Industrial Insurance Coverage

CONTRACTOR shall comply with the provisions of Title 51 RCW, Industrial Insurance. If CONTRACTOR fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, AGENCY may collect from CONTRACTOR the full amount payable to the Industrial Insurance accident fund. AGENCY may deduct the amount owed by CONTRACTOR to the accident fund from the amount payable to CONTRACTOR by AGENCY under this contract, and transmit the deducted amount to the State of Washington Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's right to collect from CONTRACTOR.

Licensing, Accreditation and Registration

CONTRACTOR shall comply with all applicable local, state and federal licensing, accreditation and registration requirements/standards, necessary for the performance of this contract.

Limitation of Authority

Only AGENT or AGENT'S delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this contract. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this contract is not effective or binding unless made in writing and signed by AGENT.

Noncompliance with Nondiscrimination Laws

In the event of CONTRACTOR'S non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this contract may be rescinded, canceled or terminated in whole or in part, and CONTRACTOR may be declared ineligible for further contracts with AGENCY. CONTRACTOR shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

Nondiscrimination

During the performance of this contract, CONTRACTOR shall comply with all federal and state nondiscrimination laws, regulations and policies.

Privacy

Personal information including, but not limited to, "Protected Health Information", collected, used, or acquired in connection with this contract shall be protected against unauthorized use, disclosure, modification or loss. CONTRACTOR shall ensure its directors, officers, employees,

SUBCONTRACTORS or agents use personal information solely for the purposes of accomplishing the services set forth herein. CONTRACTOR and its SUBCONTRACTORS agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the agency or as otherwise required by law.

Any breach of this provision may result in termination of the contract and the demand for return of all personal information. CONTRACTOR agrees to indemnify and hold harmless AGENCY for any damages related to CONTRACTOR'S unauthorized use of personal information.

Publicity

CONTRACTOR agrees to submit to AGENCY all advertising and publicity matters relating to this contract wherein AGENCY'S name is mentioned or language used from which the connection of AGENCY'S name may, in AGENCY'S judgment, be inferred or implied. CONTRACTOR agrees not to publish or use such advertising and publicity matters without the prior written consent of AGENCY.

Records Maintenance

CONTRACTOR shall maintain books, records, documents, data and other evidence relating to this contract and performance of the services described herein, including but not limited to accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

CONTRACTOR shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times to inspection, review or audit by AGENCY, personnel duly authorized by AGENCY, the Office of the Washington State Auditor, and federal and state officials so authorized by law, regulation, or agreement. If any litigation, claim or audit is started before the expiration of the six-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

Registration with Department of Revenue

CONTRACTOR shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this contract.

Right of Inspection

CONTRACTOR shall provide right of access to its facilities to AGENCY, or any of its officers, or to any other authorized agent or official of the State of Washington, or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, or quality assurance under this contract.

Savings

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this contract and prior to normal completion, AGENCY may terminate the contract under the "Termination for Convenience" clause, without the ten day notice requirement, subject to renegotiation at AGENCY'S discretion under those new funding limitations and conditions.

Severability

The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

Site Security

While on AGENCY premises, CONTRACTOR, its agents, employees or subcontractors shall conform in all respects with physical, fire or other security policies or regulations.

Subcontracting

Neither CONTRACTOR nor SUBCONTRACTOR shall enter into subcontracts for any of the work contemplated under this contract without obtaining prior written approval of AGENCY. In no event shall the existence of a subcontract operate to release or reduce the liability of CONTRACTOR to AGENCY for any breach in the performance of the CONTRACTOR'S duties. This clause does not include contracts of employment between CONTRACTOR and personnel assigned to work under this contract.

Additionally, CONTRACTOR is responsible for ensuring that all terms, conditions, assurances and certifications set forth in this agreement are carried forward to any subcontracts. CONTRACTOR and its SUBCONTRACTORS agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the agency or as provided by law.

Taxes

All payments accrued because of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for CONTRACTOR or its staff shall be the sole responsibility of CONTRACTOR.

Termination for Cause

In the event AGENCY determines CONTRACTOR has failed to comply with the conditions of this contract in a timely manner, AGENCY has the right to suspend or terminate this contract. Before suspending or terminating the contract, AGENCY shall notify CONTRACTOR in writing of the need to take corrective action. If corrective action is not taken within thirty calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, CONTRACTOR shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.

AGENCY reserves the right to suspend all or part of the contract, withhold further payments, or prohibit CONTRACTOR from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by CONTRACTOR or a decision by AGENCY to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that CONTRACTOR: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence. The rights and remedies of AGENCY provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

Termination for Convenience

Except as otherwise provided in this contract, by giving CONTRACTOR ten calendar days prior written notice, beginning on the second day after the mailing, AGENCY may terminate this contract, in whole or in part. If this contract is so terminated, AGENCY shall be liable only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of termination.

Termination Procedures

Upon termination of this contract, in addition to any other rights provided in this contract, AGENCY may require CONTRACTOR to deliver to AGENCY any property specifically produced or acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

AGENCY shall pay to CONTRACTOR the agreed upon price, if separately stated, for completed work and services accepted by AGENCY, and the amount agreed upon by CONTRACTOR and AGENCY for: (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by AGENCY, and (iv) the protection and preservation of property, unless the termination is for default, in which case AGENT shall determine the extent of the liability of AGENCY. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract.

AGENCY may withhold from any amounts due CONTRACTOR such sum as AGENT determines to be necessary to protect AGENCY against potential loss or liability. The rights and remedies of AGENCY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by AGENT, CONTRACTOR shall:

1. Stop work under the contract on the date, and to the extent specified, in the notice;
2. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
3. Assign to AGENCY, in the manner, at the times, and to the extent directed by AGENT, all of the rights, title, and interest of CONTRACTOR under the orders and subcontracts so terminated, in which case AGENCY has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
4. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of AGENT to the extent AGENT may require, which approval or ratification shall be final for all the purposes of this clause;
5. Transfer title to AGENCY and deliver in the manner, at the times, and to the extent directed by AGENT any property which, if the contract had been completed, would have been required to be furnished to AGENCY;
6. Complete performance of such part of the work as shall not have been terminated by AGENT; and
7. Take such action as may be necessary, or as AGENT may direct, for the protection and preservation of the property related to this contract, which is in the possession of CONTRACTOR and in which AGENCY has or may acquire an interest.

Treatment of Assets

1. Title to all property furnished by AGENCY shall remain in AGENCY. Title to all property furnished by CONTRACTOR, for the cost of which CONTRACTOR is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in AGENCY upon delivery of such property by CONTRACTOR. Title to other property, the cost of which is reimbursable to CONTRACTOR under this contract, shall pass to and vest in AGENCY upon: (i) issuance for use of such property in the performance of this contract, or (ii) commencement of use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by AGENCY in whole or in part, whichever first occurs.
2. Any property of AGENCY furnished to CONTRACTOR shall, unless otherwise provided herein or approved by AGENCY, be used only for the performance of this contract.
3. CONTRACTOR shall be responsible for any loss or damage to property of AGENCY that results from the negligence of CONTRACTOR or that results from the failure on the part of

CONTRACTOR to maintain and administer that property in accordance with sound management practices.

4. If AGENCY property is lost, destroyed or damaged, CONTRACTOR shall immediately notify AGENCY and shall take all reasonable steps to protect the property from further damage.
5. CONTRACTOR shall surrender to AGENCY all property of AGENCY prior to settlement upon completion, termination or cancellation of this contract.
6. All reference to CONTRACTOR under this clause shall also include CONTRACTOR'S employees, agents or SUBCONTRACTORS.

Waiver

Waiver of any default or breach shall not be deemed a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this contract unless stated to be such in writing and signed by authorized representative of AGENCY.

EXHIBIT C TO RFP –

Summary of 2005 data regarding admitted health carriers

State of Washington
Office of Insurance Commissioner
2005 Washington Market Share and Loss Ratio
Line of Business: Accident and Health

Page 1 of 1

All Domestic Authorized Companies
Zero Premium Companies Excluded

All Dollars in Thousands

Company Name	NAIC Code	Dom	Type(1)	Premiums Written	Market Share (2)	Premiums Earned	Losses Incurred(3)	Loss Ratio	Enrollment(4)
Aetna Health Inc.	47060	WA	HCSC	\$37,410	0.36%	\$37,411	\$36,234	96.85%	11,796
Arcadian Health Plan Inc	12151	WA	HCSC	\$4,393	0.04%	\$4,393	\$3,317	75.52%	1,375
Asuris Northwest Health	47350	WA	HCSC	\$80,668	0.77%	\$80,334	\$84,467	80.25%	31,677
Columbia United Providers Inc	47047	WA	HCSC	\$69,145	0.66%	\$69,145	\$60,090	86.91%	35,764
Community Health Plan of WA	47049	WA	HCSC	\$441,813	4.20%	\$441,813	\$380,074	86.03%	220,241
Dental Health Services	47490	WA	HCSC	\$3,563	0.03%	\$0	\$1,551	0.00%	19,755
Farmers New World Life Ins Co	63177	WA	L&D	\$412	0.00%	\$412	\$215	52.05%	
Great Republic Life Ins Co	67482	WA	L&D	\$2,778	0.03%	\$2,755	\$0	0.00%	
Great West Healthcare of WA Inc	47081	WA	HCSC	\$2,452	0.02%	\$2,452	\$2,658	108.38%	222
Group Health Options Inc	47055	WA	HCSC	\$394,167	3.75%	\$394,167	\$342,369	86.86%	116,331
Group Hith Cooperative	95672	WA	HMO	\$1,647,140	15.65%	\$1,647,140	\$1,651,283	112.39%	417,614
KPS Health Plans	53872	WA	HCSC	\$143,272	1.36%	\$143,272	\$117,063	81.71%	43,271
Lifewise Assur Co	94188	WA	L&D	\$16,216	0.15%	\$15,972	\$8,525	53.37%	
Lifewise Health Plan of WA	52633	WA	HCSC	\$156,686	1.49%	\$155,648	\$119,334	76.67%	83,829
Molina Healthcare of WA Inc	96270	WA	HMO	\$590,241	5.61%	\$593,583	\$491,125	82.74%	284,821
North Coast Life Ins Co	67059	WA	L&D	\$0	0.00%	\$0	\$0	48.57%	
Pacific Visioncare WA Inc	47100	WA	HCSC	\$309	0.00%	\$309	\$203	65.58%	4,744
Pacificare of WA Inc	48038	WA	HCSC	\$494,845	4.70%	\$494,845	\$400,111	80.86%	68,816
Premiera Blue Cross	47570	WA	HCSC	\$1,994,415	18.95%	\$1,970,512	\$1,619,578	82.19%	656,905
Regence Blue Shield	53902	WA	HCSC	\$1,762,119	16.74%	\$1,757,774	\$1,357,856	77.25%	868,026
RegenceCare	95648	WA	HMO	\$569	0.01%	\$586	(\$525)	-89.53%	
Symetra Life Ins Co	68608	WA	L&D	\$32,861	0.31%	\$32,854	\$14,508	44.16%	
Timber Products Manufacturers Trust	12239	WA	MEWA	\$23,819	0.23%	\$23,865	\$20,929	87.70%	9,673
Unigard Ins Co	25747	WA	P&C	\$0	0.00%	\$0	\$0	0.00%	
Vision Service Plan	47317	WA	HCSC	\$21,028	0.20%	\$21,028	\$17,470	83.08%	486,911
Washington Dental Service	47341	WA	HCSC	\$342,440	3.25%	\$341,327	\$301,351	88.29%	844,183
Willamette Dental of WA Inc	47050	WA	HCSC	\$21,285	0.20%	\$21,285	\$19,134	89.90%	68,525
Totals (Loss Ratio is average)(5)				\$8,284,047	78.71%	\$8,252,883	\$7,228,920	87.59%	4,274,679

(1)L&D=Life and Disability Ins. Co., P&C=Property and Casualty Ins. Co., HMO=Health Maintenance Organization, HCSC=Health Care Service Contractor, LHCSC=Limited HCSC, F=Fraternal, MEWA=Multiple Employer Welfare Arrangement
(2)Market Share is based on all authorized Washington companies' written premiums.
(3)Also means claims and benefits incurred.
(4)Washington enrollment only provided by companies filing the NAIC Health blank.
(5)Totals do not represent all health coverage in Washington

State of Washington
Office of Insurance Commissioner
2005 Washington Market Share and Loss Ratio
Line of Business: Accident and Health

Page 1 of 1

Top 40 Authorized Companies
Zero Premium Companies Excluded

All Dollars in Thousands

Rank	Company Name	NAIC Code	Dom	Type(1)	Premiums Written	Market Share	Premiums Earned	Losses Incurred(2)	Loss Ratio	Enrollment(3)
1	Premiera Blue Cross	47570	WA	HCSC	\$1,994,415	18.95%	\$1,970,512	\$1,619,578	82.19%	856,905
2	Regence Blue Shield	53902	WA	HCSC	\$1,762,119	16.74%	\$1,757,774	\$1,357,856	77.25%	868,026
3	Group Hith Cooperative	85672	WA	HMO	\$1,647,140	15.65%	\$1,647,140	\$1,851,283	112.38%	517,614
4	Molina Healthcare of WA Inc	66270	WA	HMO	\$560,241	5.61%	\$593,583	\$491,126	82.74%	284,821
5	Pacificare of WA Inc	48038	WA	HCSC	\$494,845	4.70%	\$494,845	\$400,111	80.86%	68,816
6	Community Health Plan of WA	47049	WA	HCSC	\$441,813	4.20%	\$441,813	\$380,074	86.03%	220,241
7	Group Health Options Inc	47055	WA	HCSC	\$394,167	3.75%	\$394,167	\$342,369	86.86%	116,331
8	Washington Dental Service	47341	WA	HCSC	\$342,440	3.25%	\$341,327	\$301,351	88.29%	944,183
9	Kaiser Fndth Health Plan NW	95540	OR	HMO	\$338,441	3.22%	\$338,441	\$325,283	96.11%	84,924
10	LifeWise Health Plan of WA	52633	WA	HCSC	\$156,686	1.49%	\$155,648	\$119,334	76.67%	83,829
11	United Healthcare Ins Co	79413	CT	L&D	\$166,079	1.48%	\$157,639	\$121,885	77.32%	
12	Aetna Life Ins Co	60054	CT	L&D	\$152,985	1.45%	\$154,478	\$116,945	75.70%	
13	KPS Health Plans	53872	WA	HCSC	\$143,272	1.36%	\$143,272	\$117,063	81.71%	43,271
14	Standard Ins Co	69019	OR	L&D	\$103,316	0.98%	\$103,560	\$77,894	75.22%	
15	Unum Life Ins Co Of Amer	62235	ME	L&D	\$93,687	0.89%	\$94,273	\$46,852	49.74%	
16	Pacificare Life Assur Co	84506	CO	L&D	\$86,720	0.82%	\$88,515	\$67,714	76.50%	
17	Asuris Northwest Health	47350	WA	HCSC	\$80,688	0.77%	\$80,334	\$64,467	80.25%	31,677
18	Mega Life & Health Ins Co The	87055	OK	L&D	\$78,885	0.75%	\$76,148	\$44,343	56.74%	
19	Sterling Life Ins Co	77399	IL	L&D	\$71,528	0.68%	\$71,681	\$51,548	71.91%	21,665
20	Columbia United Providers Inc	47047	WA	HCSC	\$69,145	0.66%	\$69,145	\$60,090	86.91%	35,764
21	Regence BCBS OR	54933	OR	HCSC	\$67,844	0.64%	\$66,377	\$52,110	78.51%	26,043
22	Metropolitan Life Ins Co	65978	NY	L&D	\$64,524	0.61%	\$64,537	\$62,529	96.89%	
23	American Family Life Assr Co Columbus	60380	NE	L&D	\$61,184	0.58%	\$62,583	\$27,881	44.55%	
24	General Electric Capital Assur Co	70025	DE	L&D	\$42,434	0.40%	\$41,616	\$18,016	43.25%	
25	State Farm Mut Auto Ins Co	25178	IL	P&C	\$37,647	0.36%	\$35,122	\$24,546	69.89%	
26	Aetna Health Inc	47060	WA	HCSC	\$37,410	0.36%	\$37,411	\$36,234	96.85%	11,796
27	Bankers Life & Cas Co	61263	IL	L&D	\$34,077	0.32%	\$34,521	\$19,851	57.50%	
28	Symetra Life Ins Co	68608	WA	L&D	\$32,861	0.31%	\$32,854	\$14,508	44.16%	
29	Guardian Life Ins Co Of Amer	64246	NY	L&D	\$31,001	0.29%	\$31,283	\$28,374	90.70%	
30	Connecticut General Life Ins Co	62308	CT	L&D	\$30,775	0.29%	\$27,979	\$22,022	78.71%	
31	Health Net Life Ins Co	66141	CA	L&D	\$28,775	0.27%	\$28,395	\$19,208	67.05%	
32	Mid West Natl Life Ins Co Of TN	66087	TX	L&D	\$28,066	0.27%	\$28,689	\$15,647	54.54%	
33	Union Security Ins Co	70408	IA	L&D	\$25,427	0.24%	\$25,488	\$17,398	68.26%	
34	Great West Life & Annuity Ins Co	68322	CO	L&D	\$24,563	0.23%	\$25,349	\$22,821	90.03%	
35	Timber Products Manufacturers Trust	12239	WA	HCSC	\$23,819	0.23%	\$23,865	\$20,929	87.70%	9,873
36	Regence Life & Health Ins Co	97985	OR	L&D	\$23,759	0.23%	\$23,724	\$6,971	29.38%	
37	Life Investors Ins Co Of Amer	64130	IA	L&D	\$21,958	0.21%	\$22,108	\$8,730	39.49%	
38	Wilamette Dental of WA Inc	47050	WA	HCSC	\$21,285	0.20%	\$21,285	\$19,134	89.90%	68,525
39	Mutual Of Omaha Ins Co	71412	NE	L&D	\$21,092	0.20%	\$20,722	\$12,042	58.11%	
40	Vision Service Plan	47317	WA	HCSC	\$21,028	0.20%	\$21,028	\$17,470	83.08%	486,911
All 356 Other Companies					\$646,869	6.15%	\$633,631	\$417,650	85.51%	93,050
Totals (Loss Ratio is average)(4)					\$10,024,909	100.00%	\$10,484,862	\$8,841,277	84.32%	4,474,265

(1) L&D=Life and Disability Ins. Co., P&C=Property and Casualty Ins. Co., HMO=Health Maintenance Organization, HCSC=Health Care Service Contractor, LHSC=Limited HCSC, F= Fraternal, MEWA=Multiple Employer Welfare Arrangement
(2) Also means claims and benefits incurred.
(3) Washington enrollment only provided by companies filing the NAIC Health blank.
(4) Totals do not represent all health coverage in Washington

State of Washington
Office of Insurance Commissioner
2005 Washington Market Share and Loss Ratio
Line of Business: Accident and Health

Page 1 of 2

Top 10 Authorized Companies or
Groups of Companies
Zero Premium Companies Excluded

All Dollars in Thousands

Rank	Group Name	NAIC Code	Dom	Type(1)	Premiums Written	Market Share	Premiums Earned	Losses Incurred(2)	Loss Ratio	Enrollment(3)
1	PREMERA BLUE CROSS GRP									
	Lifewise Assur Co	94188	WA	L&D	\$16,216	0.15%	\$15,972	\$8,525	53.37%	
	LifeWise Health Plan of WA	52633	WA	HCSC	\$156,686	1.49%	\$155,848	\$119,334	76.67%	83,829
	Premiera Blue Cross	47570	WA	HCSC	\$1,994,415	18.95%	\$1,970,512	\$1,619,578	82.19%	656,905
	Group Totals				\$2,167,317	20.59%	\$2,142,133	\$1,747,436	81.57%	740,734
2	GROUP HEALTH COOP									
	Group Health Options Inc	47055	WA	HCSC	\$394,167	3.75%	\$394,167	\$342,369	86.86%	116,331
	Group Hlth Cooperative	95672	WA	HMO	\$1,647,140	15.65%	\$1,647,140	\$1,851,283	112.39%	417,614
	Group Totals				\$2,041,307	19.40%	\$2,041,307	\$2,193,652	107.46%	533,945
3	REGENCE GRP									
	Asuris Northwest Health	47350	WA	HCSC	\$80,668	0.77%	\$80,334	\$84,467	80.25%	31,677
	Regence BCBS OR	54933	OR	HCSC	\$67,644	0.64%	\$66,377	\$52,110	78.51%	26,043
	Regence Blue Shield	53902	WA	HCSC	\$1,762,119	16.74%	\$1,757,774	\$1,357,856	77.25%	868,026
	Regence Blueshield Of ID Inc	60131	ID	L&D	\$5,755	0.05%	\$5,755	\$6,082	105.68%	
	Regence Health Maintenance OR Inc	96250	OR	HMO	\$3,819	0.04%	\$4,116	\$2,444	59.38%	312
	Regence Life & Health Ins Co	97985	OR	L&D	\$23,759	0.23%	\$23,724	\$6,971	29.38%	
	RegenceCare	95648	WA	HMO	\$569	0.01%	\$586	(\$525)	(89.53)%	0
	Group Totals				\$1,944,334	18.47%	\$1,938,666	\$1,489,406	76.83%	926,058
4	UNITEDHEALTH GRP									
	American Medical Security Life InsCo	97179	WI	L&D	\$29	0.00%	\$29	\$7	24.68%	
	Golden Rule Ins Co	62266	IL	L&D	\$135	0.00%	\$135	\$79	59.01%	
	Pacificare Life & Health Ins Co	70785	IN	L&D	\$618	0.01%	\$619	\$581	93.77%	
	Pacificare Life Assur Co	84506	CO	L&D	\$86,720	0.82%	\$88,515	\$67,714	76.50%	
	Pacificare of WA Inc	48038	WA	HCSC	\$494,845	4.70%	\$494,845	\$400,111	80.86%	68,816
	Unimerica Ins Co	91529	WI	L&D	\$53	0.00%	\$54	\$0	0.00%	
	United Healthcare Ins Co	79413	CT	L&D	\$156,079	1.48%	\$157,639	\$121,885	77.32%	
	Group Totals				\$738,477	7.02%	\$741,836	\$590,377	79.58%	68,816
5	MOLINA HEALTHCARE INC									
	Molina Healthcare of WA Inc	96270	WA	HMO	\$590,241	5.61%	\$593,583	\$491,125	82.74%	284,821
	Group Totals				\$590,241	5.61%	\$593,583	\$491,125	82.74%	284,821
6	COMMUNITY HEALTH PLAN OF WA									
	Community Health Plan of WA	47049	WA	HCSC	\$441,813	4.20%	\$441,813	\$380,074	86.03%	220,241
	Group Totals				\$441,813	4.20%	\$441,813	\$380,074	86.03%	220,241

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04/21/2006

State of Washington
Office of Insurance Commissioner
2005 Washington Market Share and Loss Ratio
Line of Business: Accident and Health

Page 2 of 2

Top 10 Authorized Companies or
Groups of Companies
Zero Premium Companies Excluded

All Dollars in Thousands

Rank	Group Name	NAIC Code	Dom	Type(1)	Premiums Written	Market Share	Premiums Earned	Losses Incurred(2)	Loss Ratio	Enrollment(3)
7	KAISER FOUNDATION									
	Kaiser Fndn Health Plan NW	95540	OR	HMO	\$338,441	3.22%	\$338,441	\$325,283	96.11%	84,924
	Kaiser Permanente Hlth Alternatives	47033	OR	HCSC	\$10,040	0.10%	\$10,040	\$9,734	96.95%	15,849
	Group Totals				\$348,481	3.31%	\$348,481	\$335,018	96.14%	100,773
8	WASHINGTON DENTAL SERVICE									
	Washington Dental Service	47341	WA	HCSC	\$342,440	3.25%	\$341,327	\$301,351	88.29%	844,183
	Group Totals				\$342,440	3.25%	\$341,327	\$301,351	88.29%	844,183
9	AETNA									
	Aetna Health Inc	47060	WA	HCSC	\$37,410	0.36%	\$37,411	\$36,234	96.85%	11,796
	Aetna Life Ins Co	60054	CT	L&D	\$152,985	1.45%	\$154,478	\$116,945	75.70%	
	Group Totals				\$190,395	1.81%	\$191,889	\$153,179	79.83%	11,796
10	KPS HEALTH PLANS									
	KPS Health Plans	53872	WA	HCSC	\$143,272	1.36%	\$143,272	\$117,063	81.71%	43,271
	Group Totals				\$143,272	1.36%	\$143,272	\$117,063	81.71%	43,271
	Top 10 Group Total				\$8,946,078	85.02%	\$8,924,306	\$7,798,681	87.39%	3,774,638
	All Other Companies				\$1,576,831	14.98%	\$1,560,556	\$1,042,596	66.81%	699,627
	Totals(4)				\$10,524,909	100.00%	\$10,484,862	\$8,841,277	84.32%	4,474,265

(1)L&D=Life and Disability Ins. Co., P&C=Property and Casualty Ins. Co., HMO=Health Maintenance Organization, HCSC=Health Care Service Contractor, LHSC=Limited HCSC, F=Fraternel, MEWA=Multiple Employer Welfare Arrangement

(2)Also means claims and benefits incurred.

(3)Washington enrollment only provided by companies filing the NAIC Health blank.

(4)Totals do not represent all health coverage in Washington